

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0237

Adjusted Gross Income Tax
Calendar Years 1995, 1996, and 1997

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. Adjusted Gross Income – Add Back Property Taxes

Authority: 45 IAC 3.1-1-8;

Taxpayer protests the addback of property taxes assessed in Florida.

STATEMENT OF FACTS

Taxpayer, an Indiana corporation with corporate offices located in Indiana, leases real estate in Florida and rents personal property in Indiana.

Tenants reimburse the taxpayer the amount of real estate taxes paid to Florida. Taxpayer reduced its real estate tax account by the amount of tax reimbursed from its tenants in each year of the audit. The amount of real estate taxes collected from the tenants is actually additional rental income to the taxpayer. The amount of real estate and personal property taxes paid by the taxpayer is as follows: \$86,021, \$82,560, and \$80,617 for 1995, 1996, and 1997 respectively.

At hearing, taxpayer was advised to obtain information in regard to whom the property tax was assessed. Taxpayer believes the tenants are addressees of the property tax billings. On June 8, 2000 and February 16, 2001, the department asked for the additional information and advised the taxpayer that the Letter of Findings would be written based upon information already in the file if no response was submitted by February 28, 2001.

No response has been received and the department must assume that the property tax was billed to the taxpayer and subject to addback.

I. Adjusted Gross Income – Addback Property Taxes

DISCUSSION

Taxpayer at hearing protested the property tax addback and advised the hearing officer that he would verify to whom the assessments were billed. The taxpayer failed to respond, therefore, the department assumes that the audit was correct in adding back property taxes paid in Florida.

Taxpayer did not provide additional information to allow adjustment to the audit.

FINDING

Taxpayer's protest is denied.